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August 16, 2017

Mr. Gerard Poliquin
Secretary of Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poloquin:

On behalf of First Service Federal Credit Union, I am writing to you regarding the National Credit Union Administration's (NCUA) proposal to close the Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund) and raise the normal operating level (NOL) of the National Share Insurance Fund (SIF) to 1.39 percent.

While we support NCUA providing rebates to credit unions as soon as possible, we are concerned with NCUA's proposed approach to this issue. Specifically, markedly increasing the NOL will keep millions of dollars from being returned to credit unions.

Your proposal estimates that closing the Stabilization Fund and transferring assets to the SIF would increase the equity ratio to approximately 1.45-1.47 percent. At the current NOL of 1.30 percent, that would translate to 15-17 basis points, or a $1.5-$1.7 billion rebate to credit unions. However, this proposal would reduce the amount by more than half, and only return to credit unions $600-$800 million. A partial rebate is less desirable, as credit unions have already paid for the financial crisis and should expect a full rebate.

We disagree a permanent increase in the NOL is necessary, if NCUA believes legacy assets may still present a loss to the SIF, then a temporary increase in the NOL, is advisable, only if there is clear language that the NOL will return to the long standing 1.30 percent as soon as all legacy assets are extinguished.

Thank you very much for the opportunity to comment on this proposal. While we appreciate the agency's decision to return funds to credit unions, we believe a full rebate is critical to any Stabilization Fund disposition strategy. If I may be a source of further information on this comment letter, please do not hesitate to contact me at jrharper@firstcu.com or by phone at 614-920-6310.

Sincerely,

Jack Harper
President

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